



# Budget Overview

Prepared by  
Charlie Gavigan and  
Dave Johnson  
Office of Program  
Research

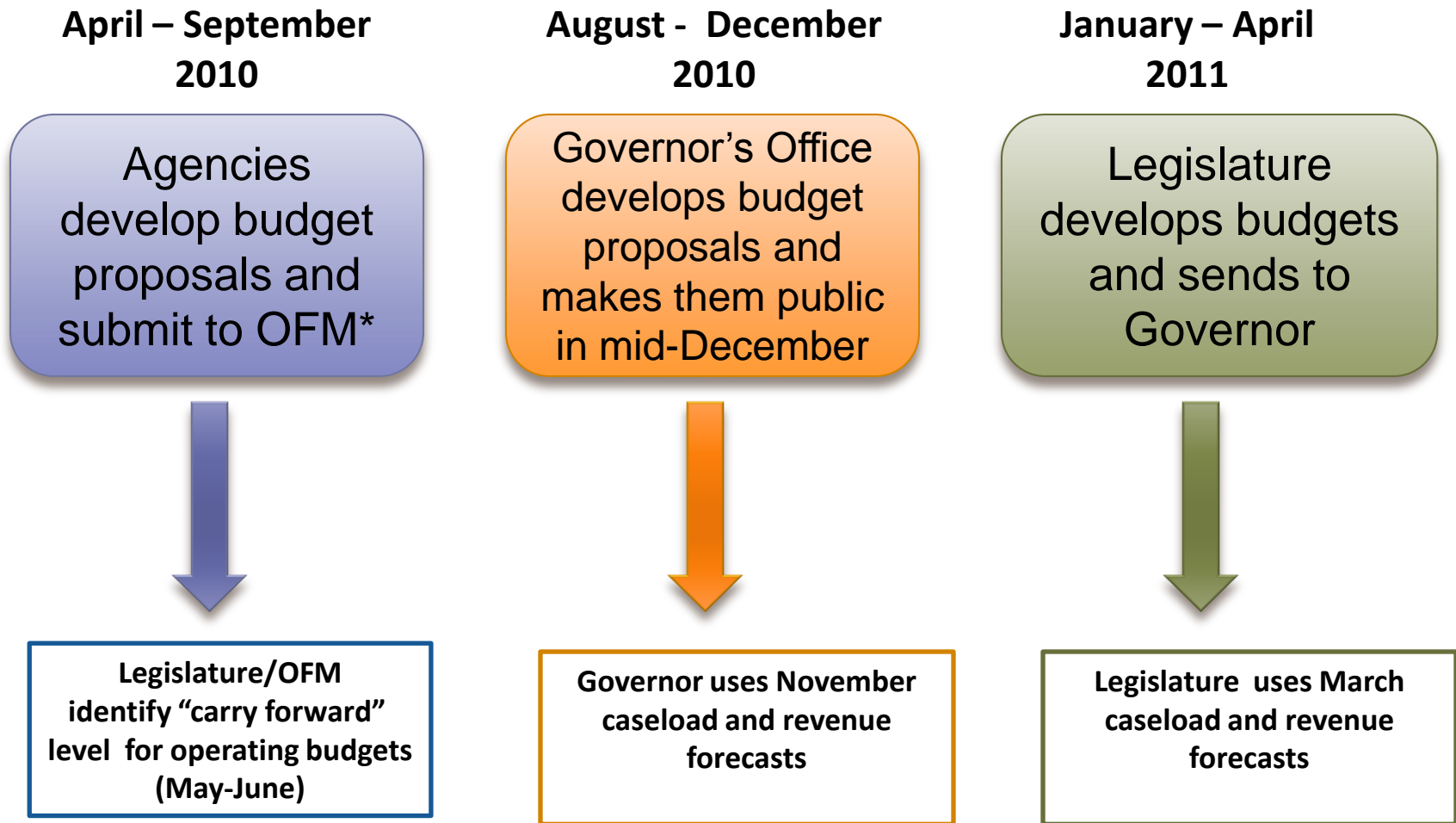
January 2011



# Budget Process

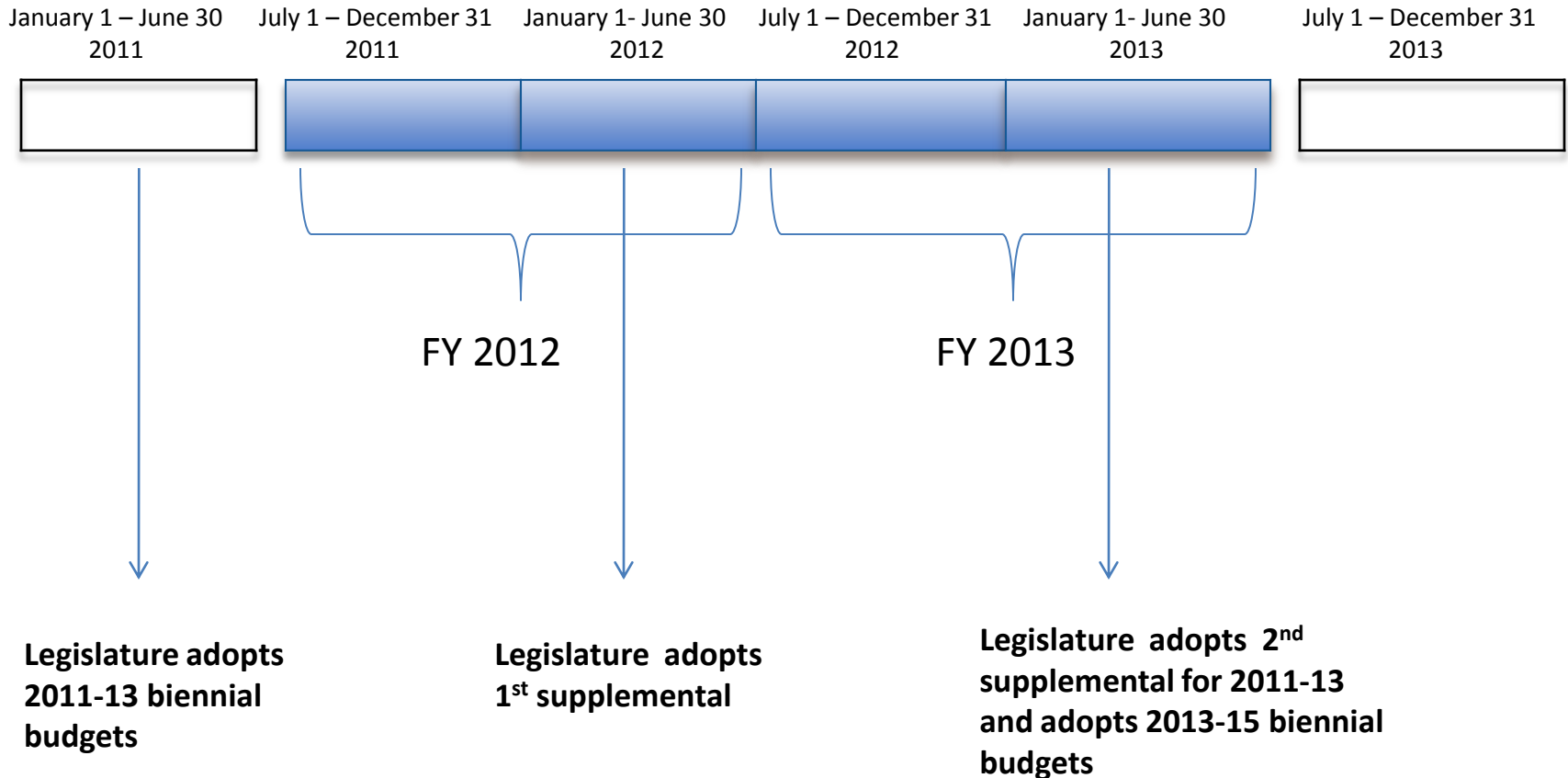
Note: Charts for the current biennium typically exclude HB 3225, adopted in December, 2010.

# 2011-13 Budget Development Process



\* Copies sent to Legislature

# 2011-13 Biennial Budget Calendar





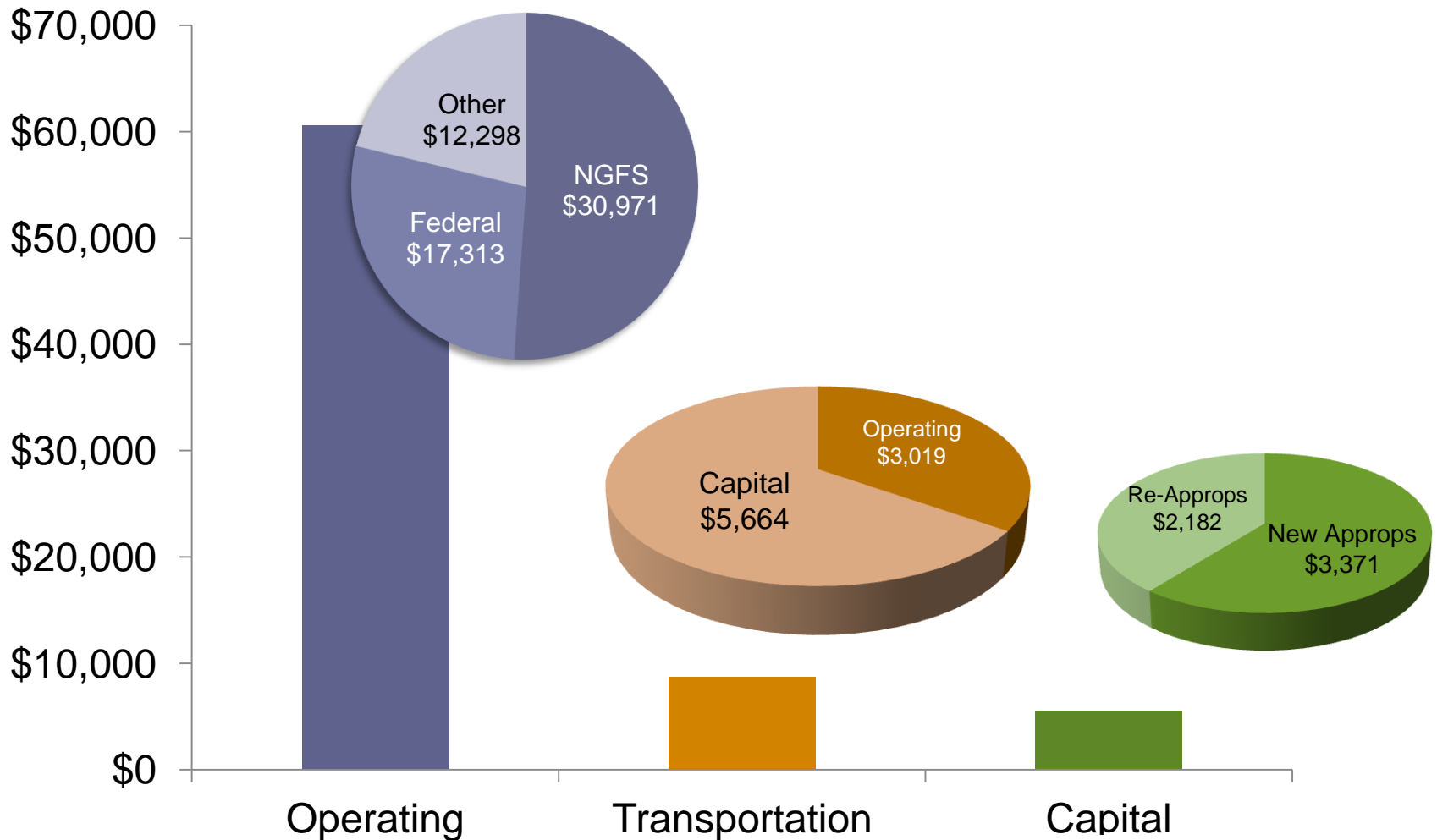
# The Budget is a Bill

- It follows the same process as other legislation.
- Changes to a budget bill being considered by the Legislature are made the same way as to any bill – by amendment.
- Provides agency or program appropriation authority (lump sum by fund).
  - Appropriations are not by specific activity or object of expenditure
- Expectations of how agencies will spend the general appropriations.
  - Statutes and previous funding for ongoing agency activities
  - Budget Notes
  - Provisos in the budget bill
- Supporting documents are provided at various stages of the process.
- Bills with fiscal impacts typically go through a fiscal committee after being voted out of a policy committee.
  - Some bills are directly referred to a fiscal committee

# Operating is One of Three Washington State Budgets

(Data is 2009-11 after 2010 supplemental)

(\$ in millions)



Note: 1) \$1.7 billion in federal funds;  
2) \$2.5 billion in state bonds.

Note: 1) Debt Service paid in operating budget;  
2) Of new appropriations, \$2 billion funded by state bonds.



# The Balance Sheet Ties Things Together

- Beginning NGF-S fund balance
- Resources
  - Revenue Forecast
  - Revenue legislation impacts (positive and negative)
  - Transfers to/from NGF-S accounts
- Appropriations
  - NGF-S appropriations
    - Including funding decisions for policy bills (positive and negative)
- Projected ending balances
  - NGF-S ending fund balance
  - Budget Stabilization Account ending fund balance
  - Total reserves (NGF-S and BSA ending fund balances)



# Budget Context



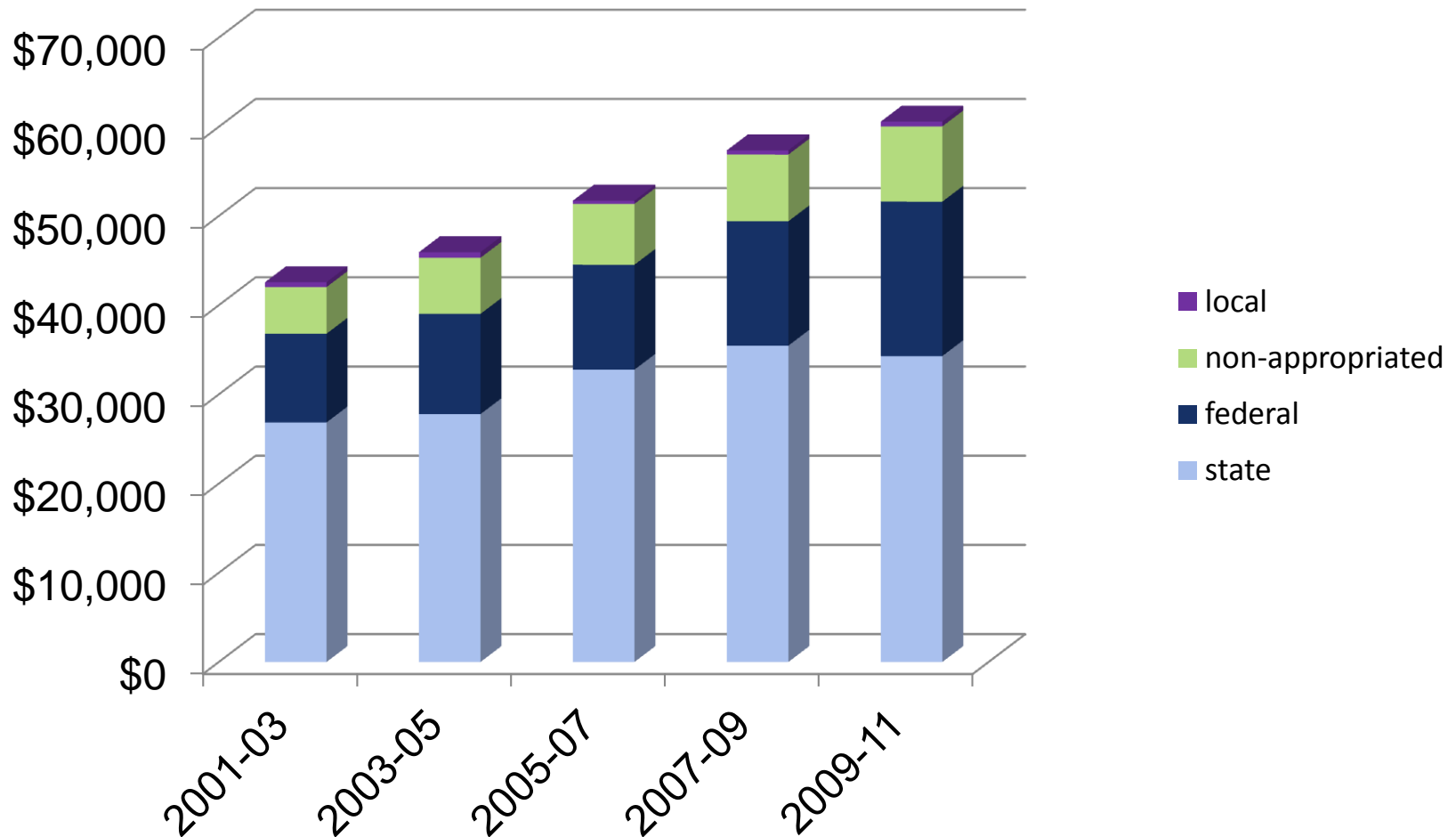


# Funds from the Operating Budget Provide:

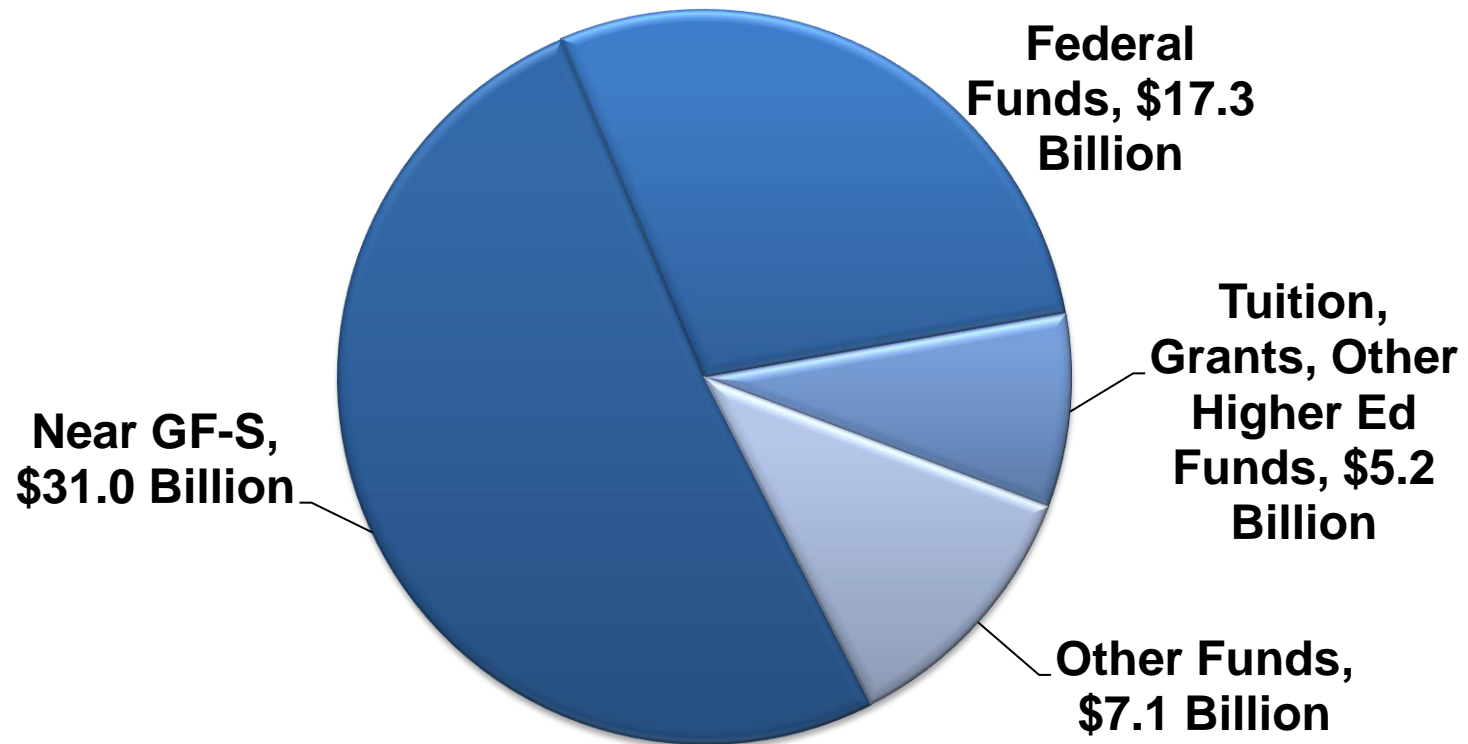
- K-12 Education – *for more than 990,000 students*
- Higher Education – *for 235,000 students*
- Health Care – *for more than 1,200,000 children and low income adults*
- Social Services – *for children, adults and families*
- Public Safety – *including prison for more than 17,000 inmates and community supervision for nearly 20,000 offenders*
- Natural Resource and Recreation Programs
- Government Operations
- Debt Service on bonds for capital projects

# Operating Budget Funding History

(\$ in thousands)



While the Legislature spends the majority of its time on the “near general fund,” the operating budget includes over \$29 billion in other funds and accounts.

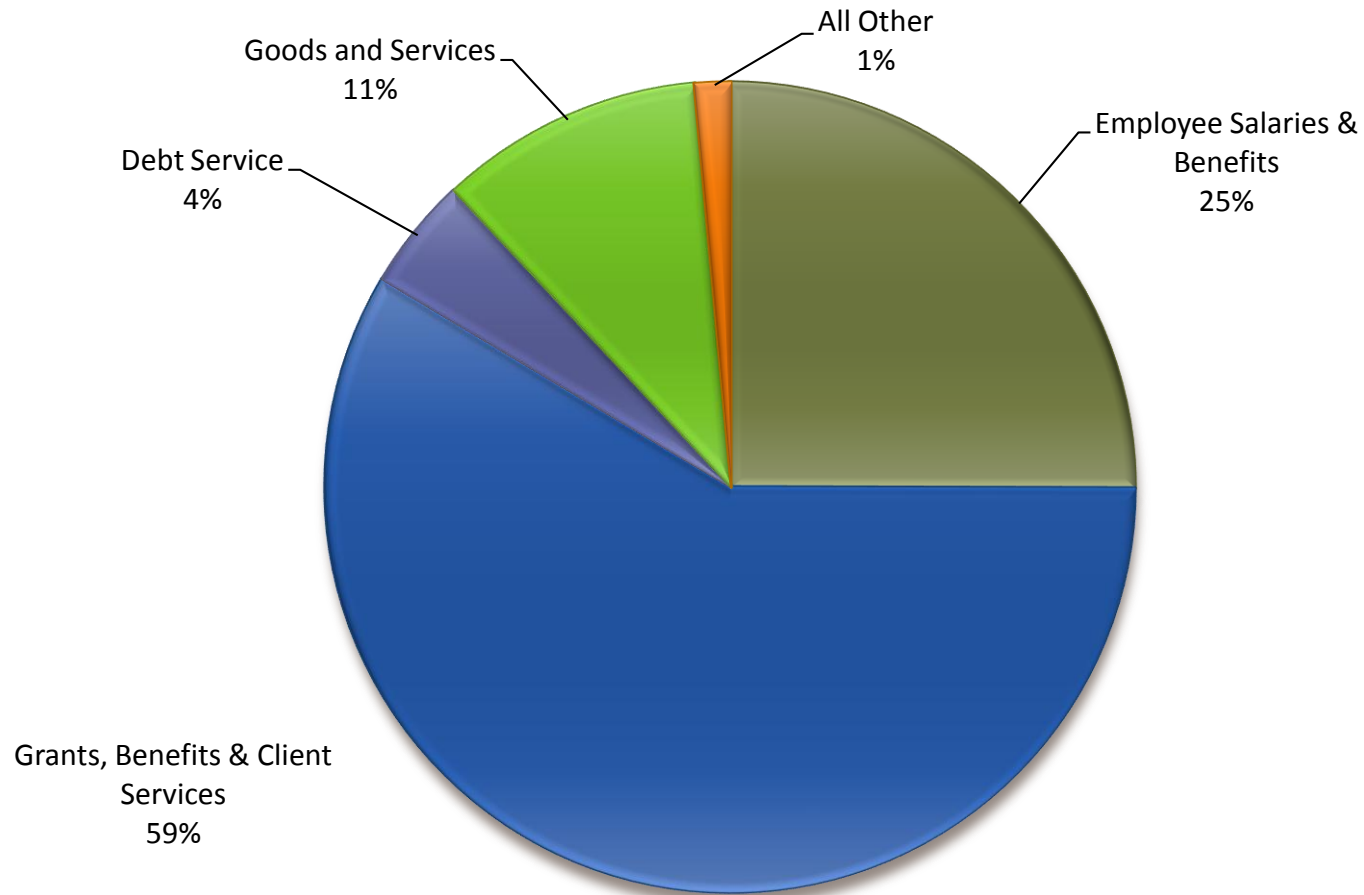


***Total 2009-11 Budget = \$60.6 Billion***

# FY 2010: Objects of Expenditure

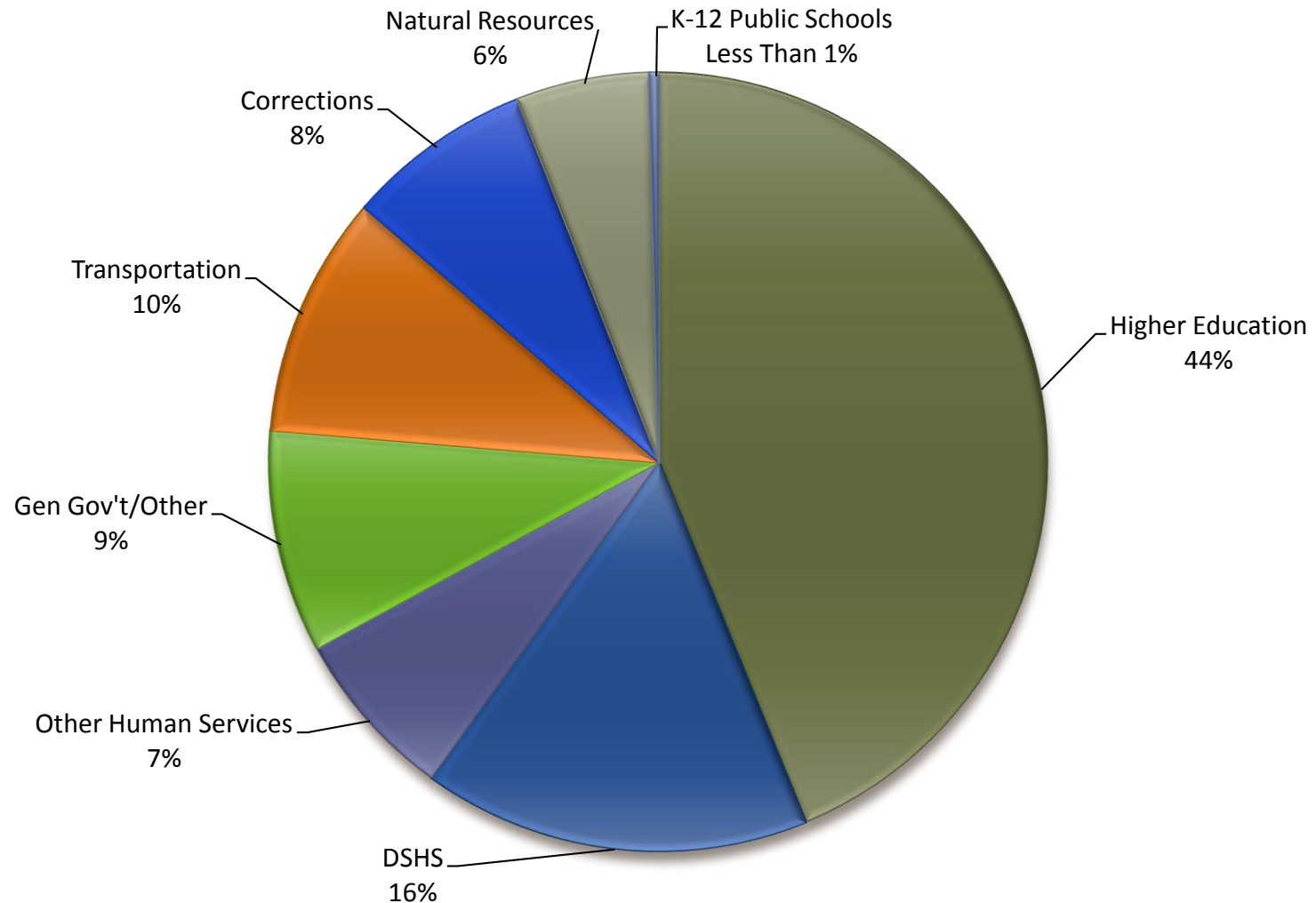
## Total Operating Funds

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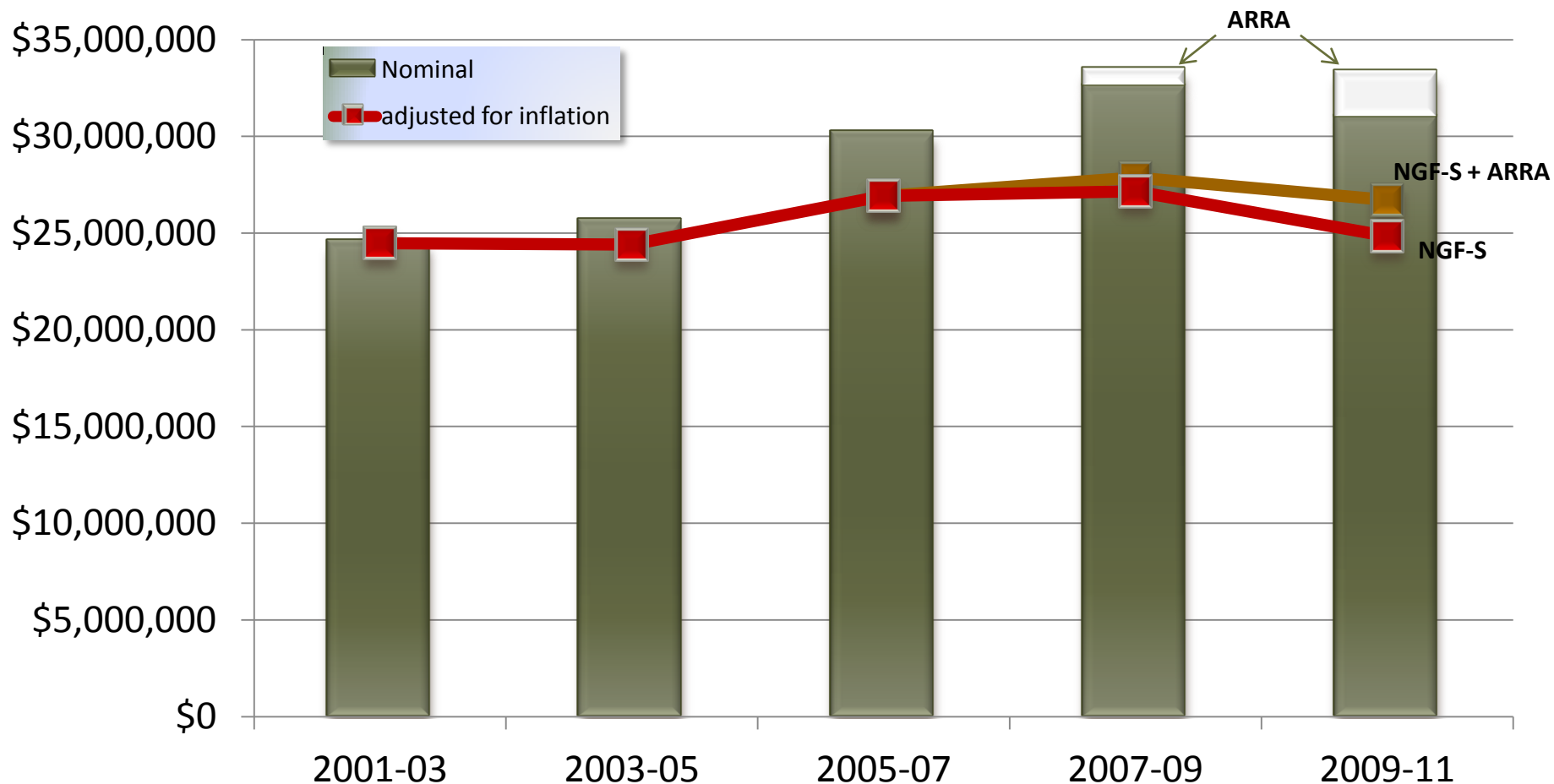
# FY 2010: Actual FTEs

(Operating, Capital, and Transportation)



# Near General Fund-State\*

(\$ in thousands)



\*Note: In 2007-09 and 2009-11, federal stimulus funds (ARRA) temporarily replaced some NGF-S expenditures (\$0.9 billion for 2007-09, \$2.3 billion for 2009-11).

Inflation measure is IPD.

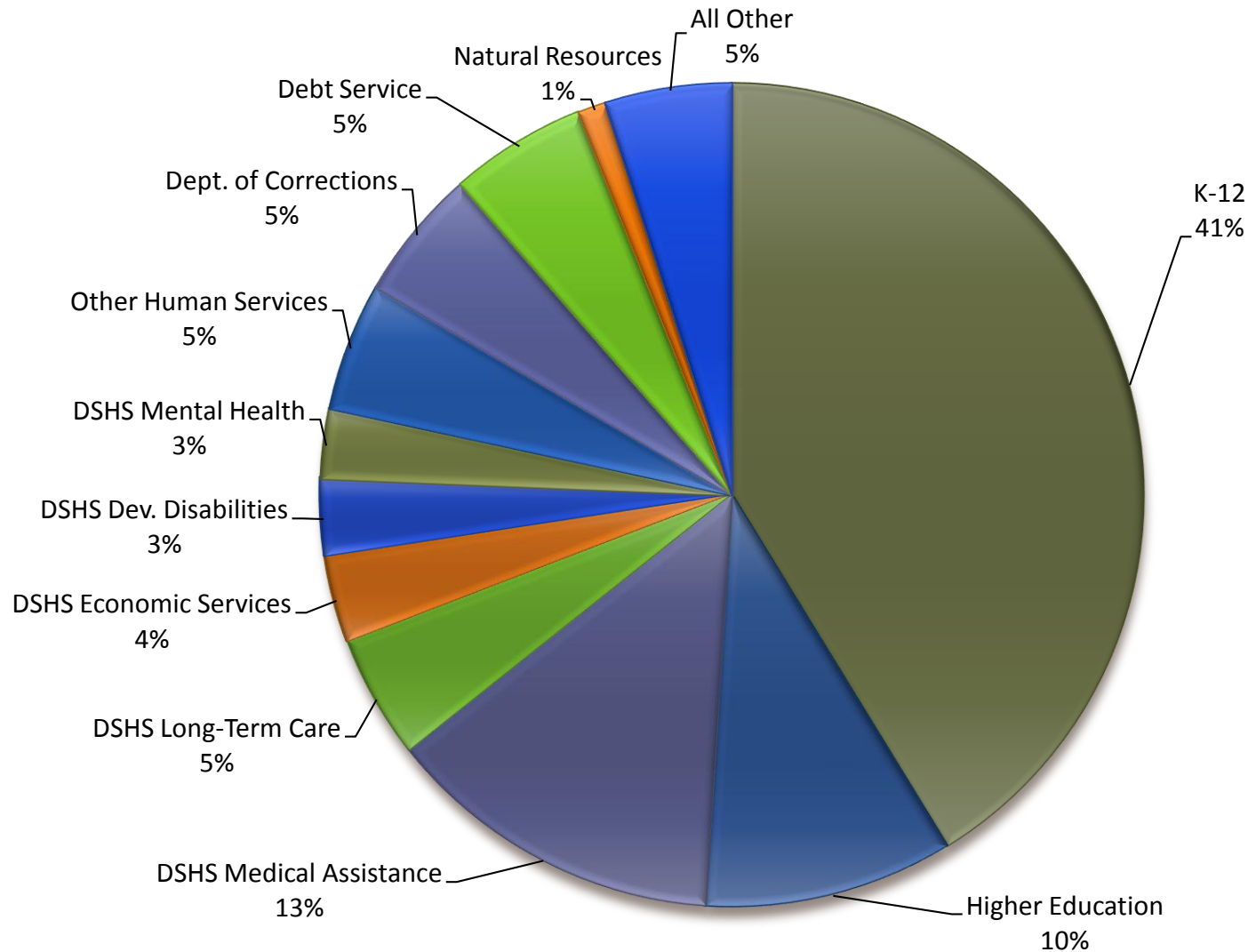
January 2011

Office of Program Research

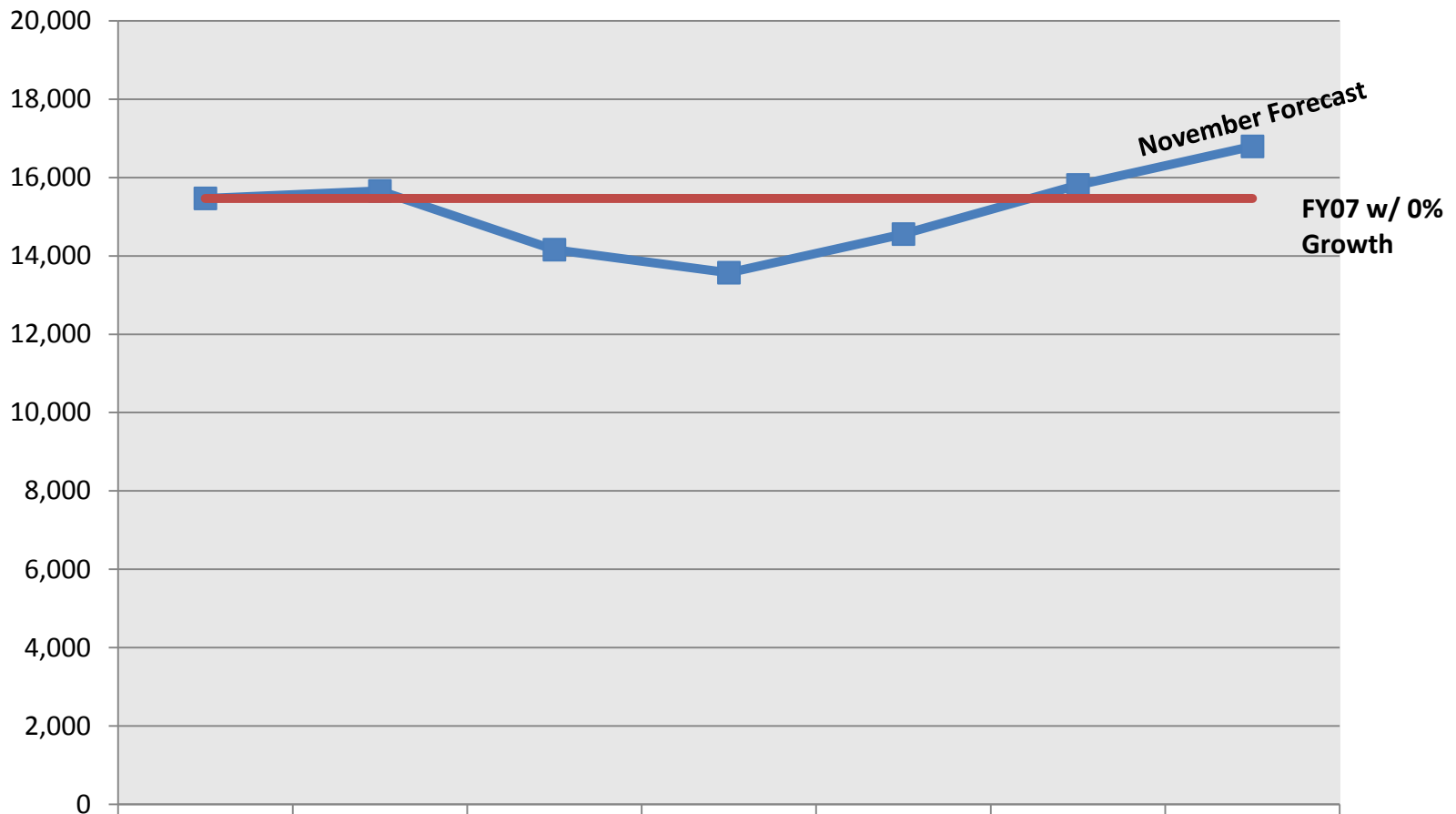
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# 2009-11 Operating Budget (after 2010 Supp)

(Near General Fund-State, Federal Stimulus, and Opp. Pathways)



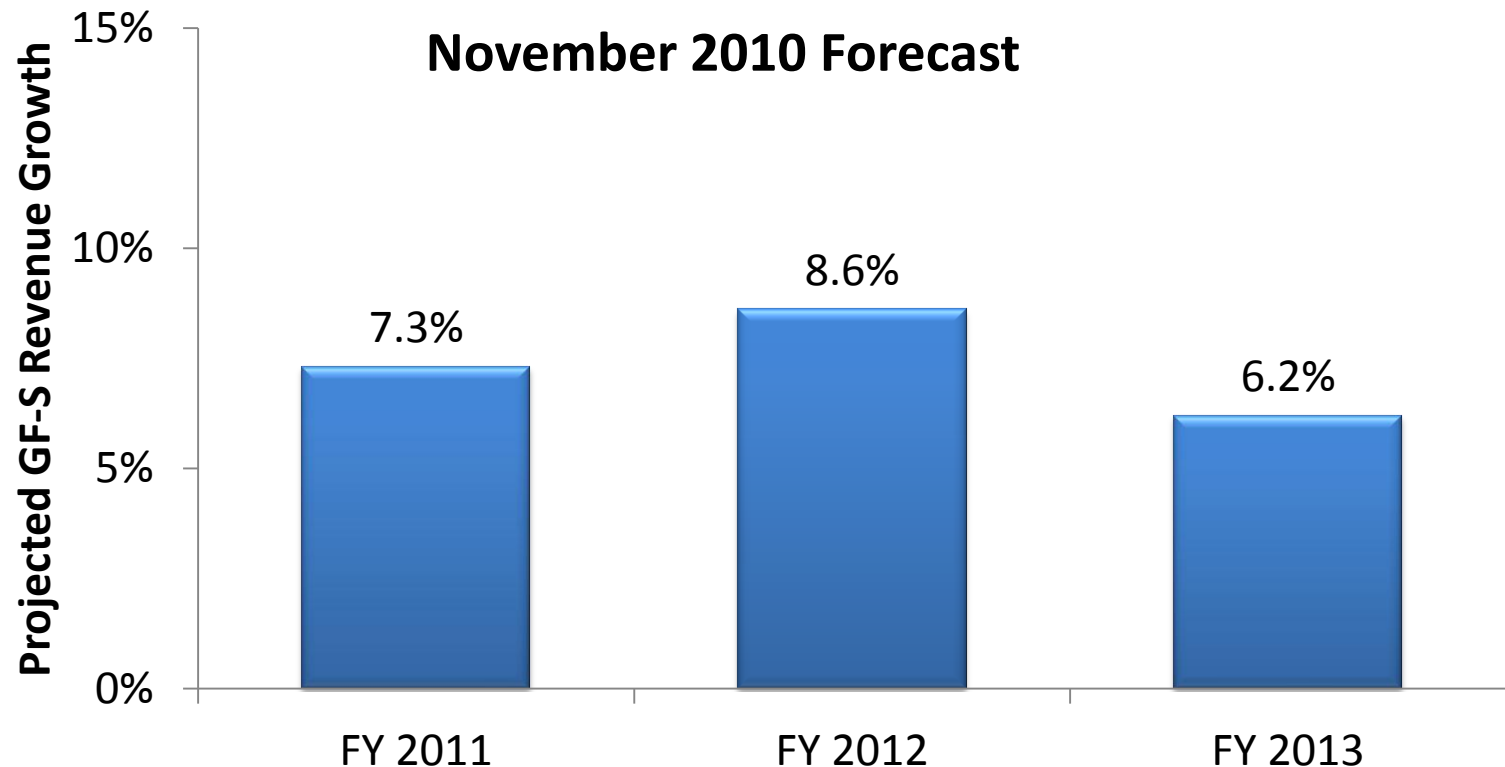
From FY07 to FY11, total GFS and related funds revenues have declined.



■ Nov Forecast	FY07	FY08	FY09	FY10	FY11	FY12	FY 13
	15,467	15,659	14,158	13,570	14,556	15,811	16,794
■ FY 07, Growth at 0%	15,467	15,467	15,467	15,467	15,467	15,467	15,467

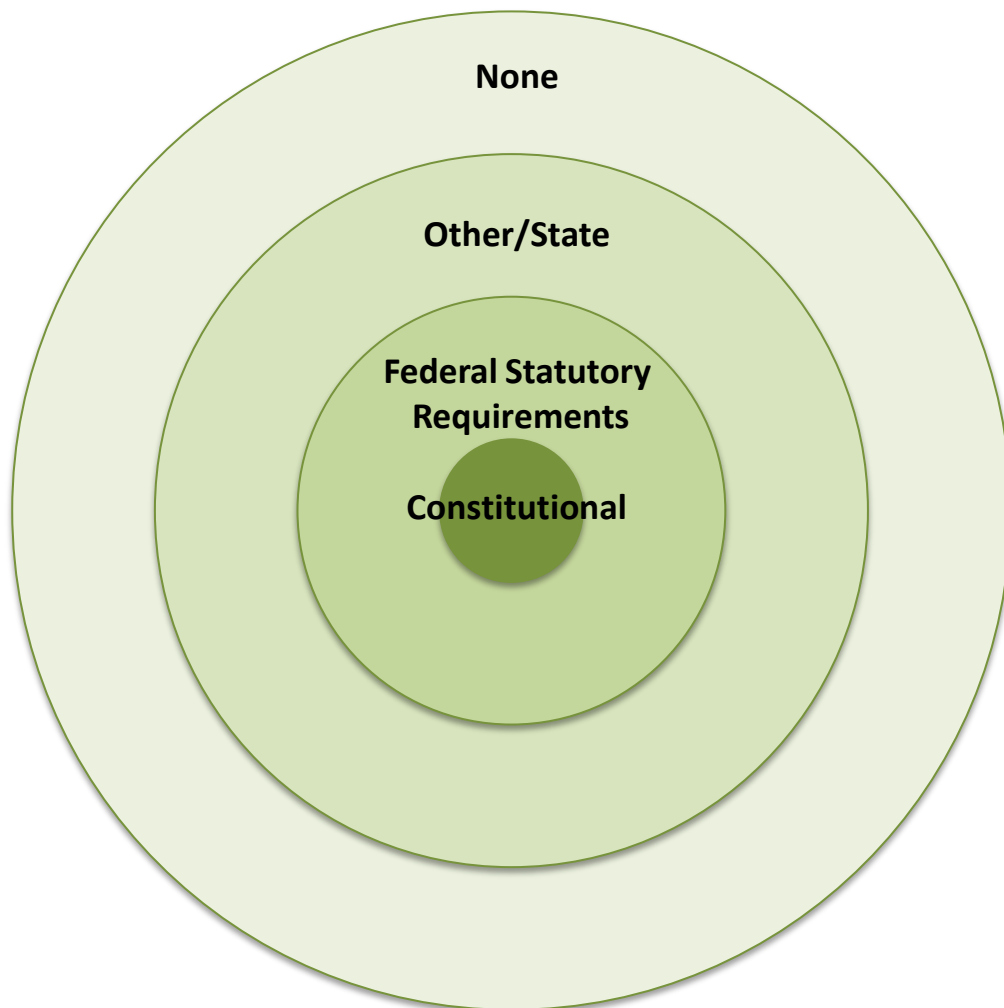


While lowering the revenue growth rate for the current fiscal year, the latest forecast calls for fairly robust growth in fiscal years 2012 and 2013.



*\* Includes the impact of 2010 legislation increasing revenue.*

# What restrictions are there in reducing the budget?



Concentric circles are illustrative only and not to scale.

\* Includes prisons, JRA facilities, state hospitals, DD facilities, foster care, SCC, etc.

\*\* Contracts may be renegotiated. Also, some contracts have termination – and/or fiscal shortfall clauses that may be invoked.

\*\*\* Can be changed via legislation.

## Requirements With Constitutional Elements

- K-12 Basic Ed
- Debt Service
- Some Pension Contribution Obligations
- Some Level of Funding for Judicial, Legislative & Executive Offices
- Some level of care in institutional and foster care programs\*
- Approved Collective bargaining agreements & other contracts\*\*

## Federal Statutory Requirements

- If the state participates in Medicaid:
  - Core populations & core services
  - Health Reform (and ARRA) eligibility MOE
  - Other requirements (i.e. rate issues being litigated)
- TANF/Maintenance of Effort (MOE)
- Other ARRA MOE (Higher Ed; 2011 Only)
- Cost obligations if state participates in certain federal programs (i.e., admin costs for food stamps)

## State Statutory and Other Requirements

- State-created statutory entitlements (kids' health, Disability Lifeline, etc.)\*\*\*
- Funding that, if reduced, may increase entitlement costs
- Funding to avoid state liability in areas of responsibility
- Other Statutory Programs

## Discretionary

- Programs without a statutory or case law requirement



# Other Selected Budget Related Considerations of Note

- Over 500 funds/accounts
  - In the state treasury or in the custody of the state treasury
- Economic and Revenue Forecast Council and Caseload Forecast Council
- Expenditure Limit
- Fees and Taxes
- Legal considerations including:
  - Lending the state's credit/gift of public funds
  - One subject rule
  - Appropriations requirements
  - Governor's veto authority
- Fiscal Notes



# 2011 Supplemental Outlook

**Outlook for 2011 Supp (2009-11):** When the Legislature adopted the 2010 Supplemental Operating Budget, it left \$457 million in reserves. Since then, projected available revenues for the current biennium decreased by over \$1.3 billion.

(\$ in millions)

		Projected GFS Ending Balance	Projected BSA Ending Balance	Total Reserves
<b>Enacted 2010 Supplemental Budget*</b>		<b>451</b>	<b>6</b>	<b>457</b>
June Revenue Forecast Change		(203)		(203)
September Revenue Forecast Change		(768)	(2)	(770)
Initiative 1107 (certain tax laws)		(64)	0	(64)
November Revenue Forecast Change		(315)	(7)	(322)
<b>Estimated Ending Balances</b>		<b>(899)</b>	<b>(3)</b>	<b>(902)</b>

\*After Governor's vetoes and adjustments.

# Outlook for 2011 Supp (2009-11): In addition to revenue changes, other items make the deficit worse. Recent actions improve the shortfall.

(\$ in millions)

<b>2010 Supplemental Budget w/ Updated Revenues (GF-S)</b>		<b>(899)</b>
Budgeted vs. Actual FMAP Extension		(128)
Increased Caseload Costs (Net)*		(34)
Shortfalls in Related Accounts, Fires, SCC, etc.***		(82)
<b>Estimated 2011 Supp Budget Issue</b>		<b>(1,143)**</b>
<b>Some Possible Solutions</b>		
December 2010: HB 3225 (Expenditure and Resource Changes)		588
Option: SHB 1086, Passed House Ways & Means (Expenditure and Resource Changes)****		415
		<b>1,003</b>
<b>Projected Remaining Shortfall</b>		<b>(140 + desired ending balance)</b>

\*All information is preliminary and may change. Estimates do not include a projected FY 2011 shortfall in the TANF box.

\*\*Assume zero ending balance for GF-S and BSA.

\*\*\*\$68 million reflected in SHB 1086 and \$14 million in ELTA.

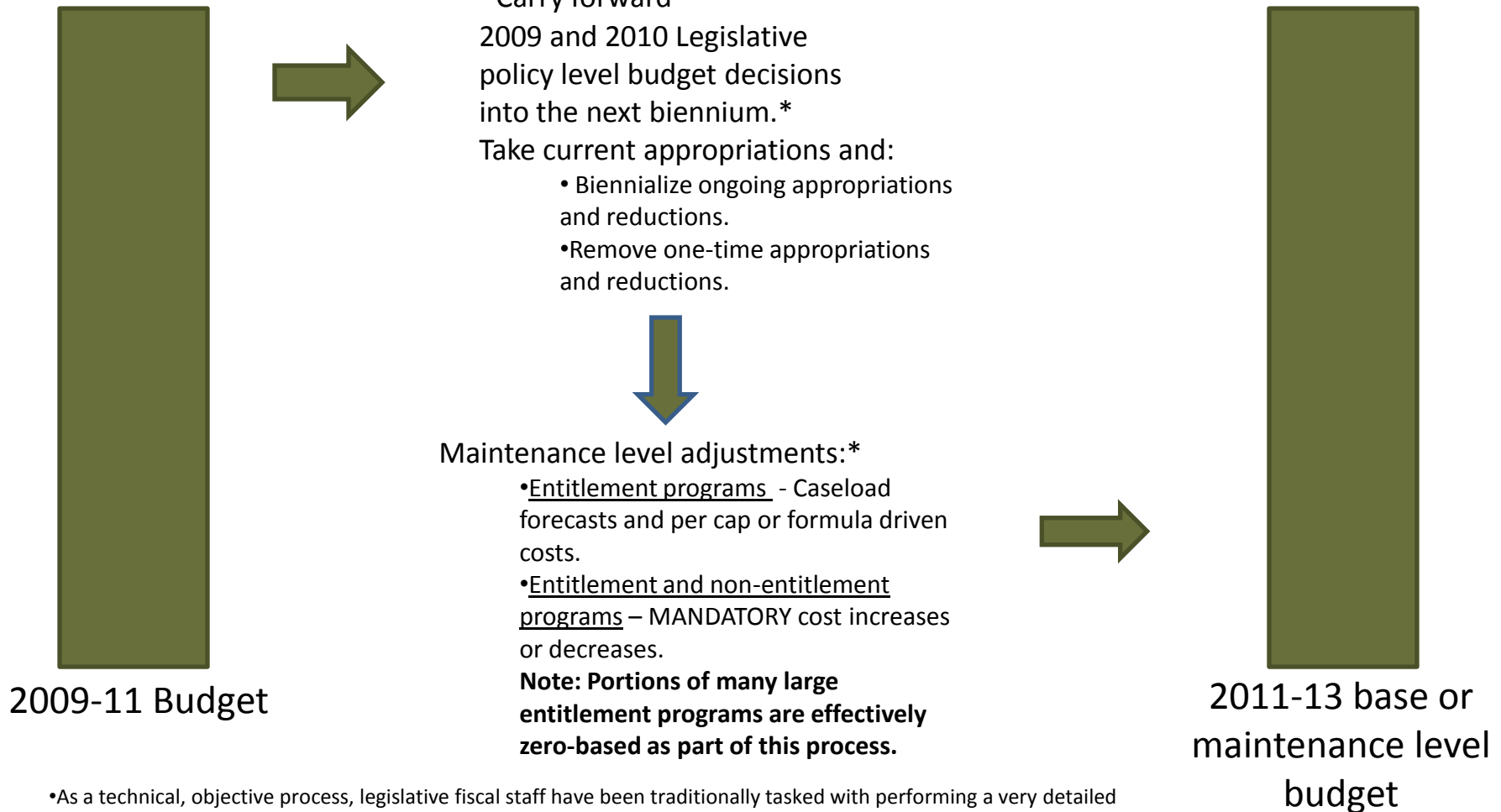
\*\*\*\*Excludes \$69 million in items already included in the \$1.129 billion shortfall calculation.



# 2011-13 Outlook

# Getting to the 2011-13 Budget Starting Point

- \$31 billion NGF-S
- Over 1,000 activities

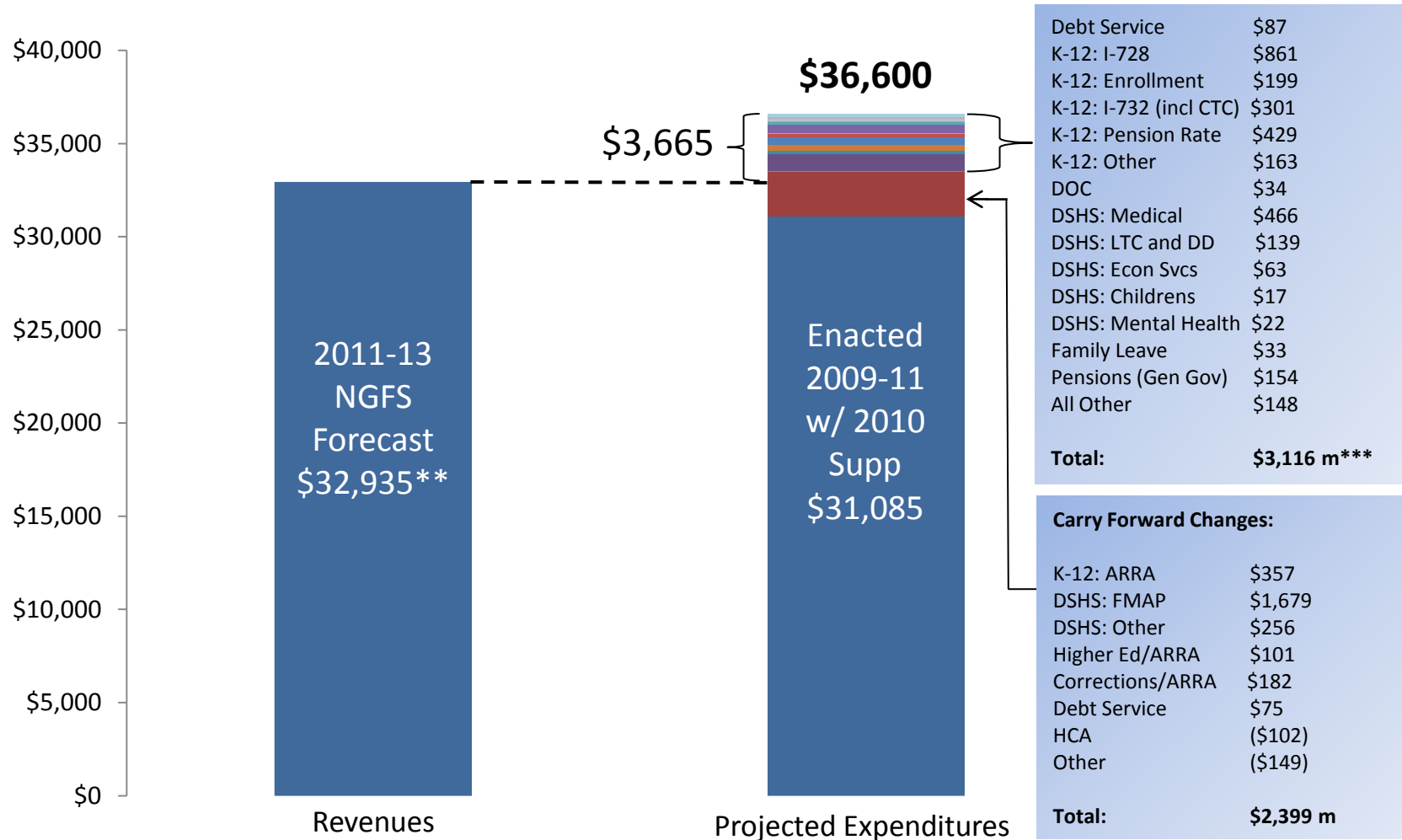


•As a technical, objective process, legislative fiscal staff have been traditionally tasked with performing a very detailed analysis and review of these items.

\*\*Caseload forecasts are prepared and adopted by the Caseload Forecast Council (typically using a collaborative process).



In 2011-13, the cost of maintaining current NGFS\* programs is estimated to exceed the Revenue Forecast by \$3.7 billion.  
(\$ in millions, NGFS)



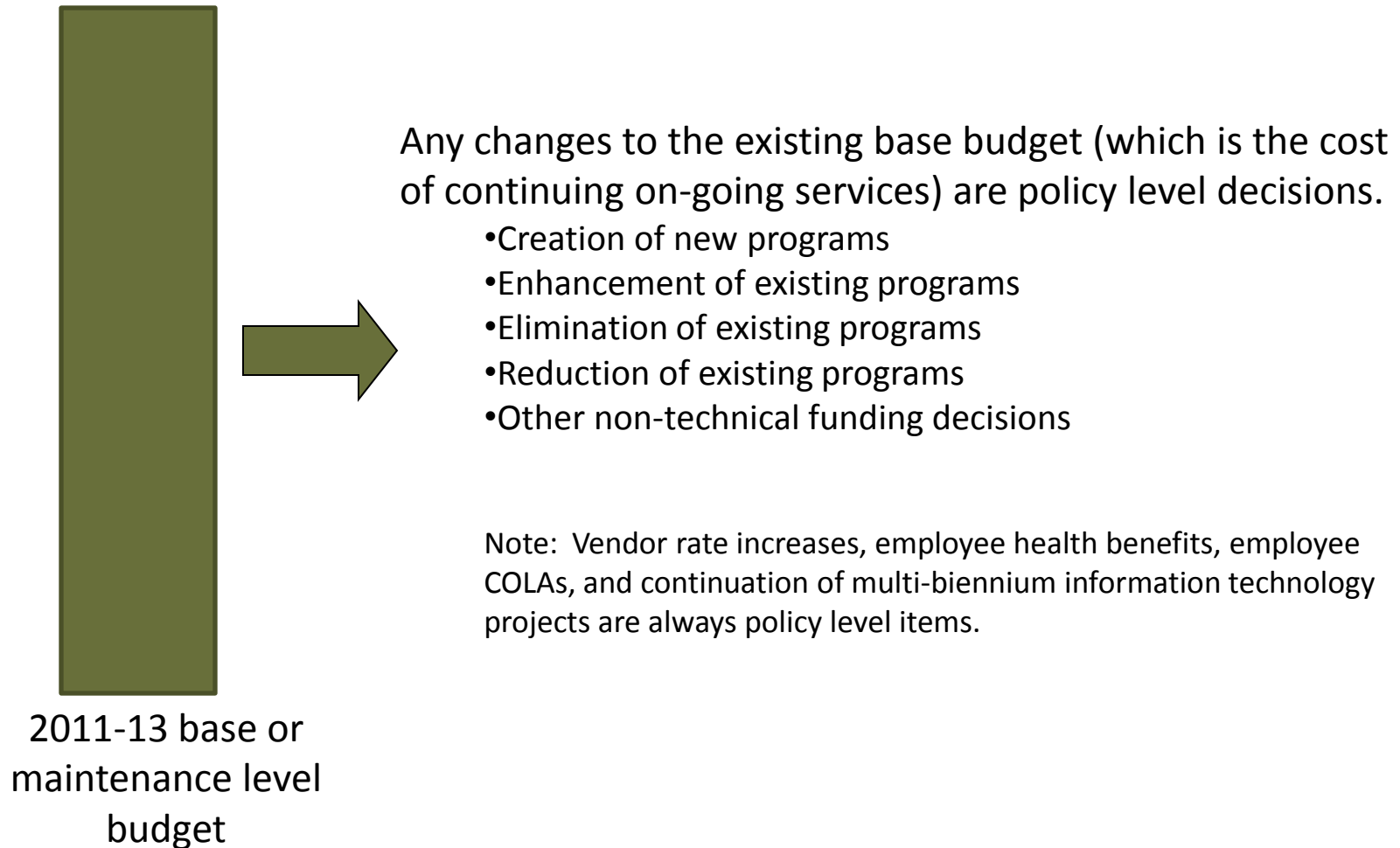
\* Including Opportunity Pathways Account.

\*\*Excludes \$293 million scheduled for transfer to the Budget Stabilization Account (Rainy Day fund).

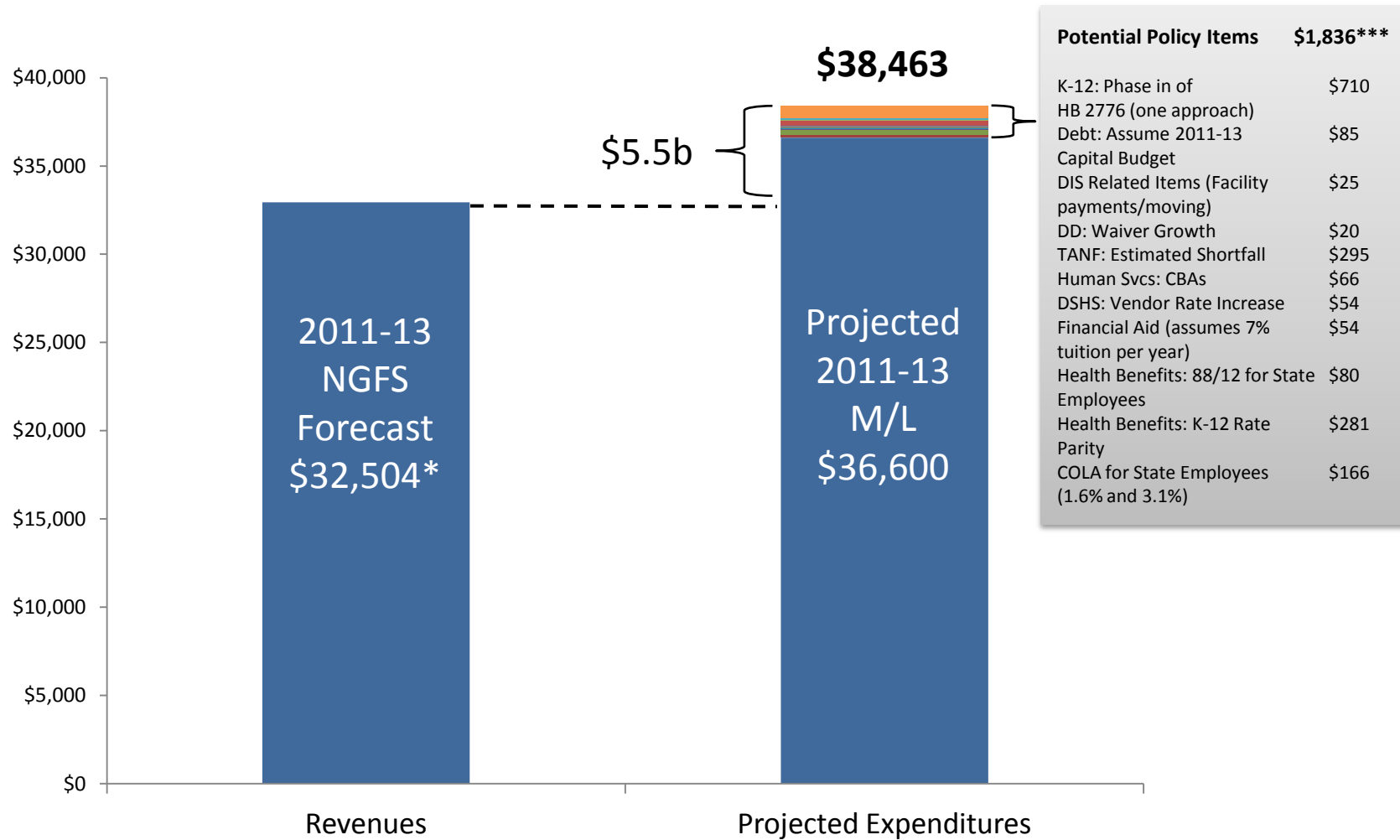
\*\*\* Estimates as of December, 2010.

# Policy Level Budget Decisions

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If selected policy items such as compensation increases are included,  
projected costs increase.  
(\$ in millions, NGFS)



\* Excludes \$263 million that will be transferred to the Budget Stabilization Account (Rainy Day fund).

\*\* Assumes and includes parity.

\*\*\* Estimates as of December, 2010.



# Appendix A

Summary of Governor's  
2011-13 Proposed Budget

**2011-13 Omnibus Operating Budget****Governor Proposed**

(Dollars in Thousands)

	NGF+OpPth	Total
<b>Employee Compensation</b>		
Suspend Plan 1 COLA	-383,456	-451,213
K12/CTC: Suspend I-732	-281,199	-284,362
3% Salary Cut for State Employees	-177,119	-312,153
K12: National Board Bonus	-99,515	-99,515
Limit Higher Ed Pension Cont. to 6%	-57,950	0
K12: Freeze Steps	<u>-56,366</u>	<u>-56,368</u>
<b>Employee Compensation Total</b>	<b>-1,055,605</b>	<b>-1,203,611</b>
<b>K-12 Education</b>		
Suspend I-728	-860,226	-860,226
K-4 Class Size	-217,908	-217,908
Revise Bus Depreciation Formula	-95,622	-95,622
Levy Equalization	-39,474	-39,474
Repay FY11 Contig Funds	-28,000	-28,000
Student Assessment System Changes	-27,220	-27,220
Highly Capable Program/Items	-17,332	-17,332
Other Ed Reform Savings	-13,223	-13,223
Other OSPI/Statewide Pgrm Savings	-11,229	-8,671
Full Day Kindergarten	-10,568	-10,568
Readiness to Learn	-7,188	-7,188
Summer Vocational Skills	-4,770	-4,770
BEST Program	-4,000	-4,000
Alternative Routes	-2,794	-2,794
Teacher and Principal Evaluations	3,000	3,000
Incentives for Evaluations Systems	15,000	15,000
HB 2776 - Transportation Enhancement	90,000	90,000
Other	<u>-3,298</u>	<u>-3,298</u>
<b>K-12 Education Total</b>	<b>-1,234,852</b>	<b>-1,232,294</b>
<b>Higher Education</b>		
4Yr/2Yr Institutional Reductions	-444,072	-444,072
Shift M&O to Capital Accounts	-50,000	0
Suspend/Reduce Other Fin Aid Programs	-39,147	-39,147
Tuition Increase	0	329,653
Baccalaureate Incentive Pool	5,000	5,000
CTC: Student Achievement Initiative	10,770	10,770
Maintain State Need Grant	91,576	91,576
Other	<u>1,004</u>	<u>1,004</u>
<b>Higher Education Total</b>	<b>-424,869</b>	<b>-45,216</b>
<b>Early Learning &amp; Child Care</b>		

**2011-13 Omnibus Operating Budget****Governor Proposed**

(Dollars in Thousands)

	NGF+OpPth	Total
ECEAP	-9,000	-9,000
Eliminate Career and Wage Program	-3,000	-3,000
Seasonal Child Care Admin Reduction	-2,070	-2,070
Other	<u>-541</u>	<u>-541</u>
<b>Early Learning &amp; Child Care Total</b>	<b>-14,611</b>	<b>-14,611</b>
<b>Health Care</b>		
Eliminate Basic Health Plan	-230,173	-442,506
Disability Lifeline Medical	-147,573	-293,186
FQHC Payment methodology	-85,083	-171,656
Children's Health Program	-58,969	-59,003
Increase MAA Audit/Recoveries	-39,774	-79,357
Adult Dental Services	-26,288	-52,302
Maternity Support Program	-21,907	-42,949
Medicare Part D Subsidy (co-pay)	-16,410	-16,449
Community Clinic Grant Funding	-12,775	-12,775
Medical Interpreter Services	-10,789	-30,608
Healthy Options Administrative Pmt	-10,000	-20,000
Public Health Support/Assistance	-9,690	-9,690
Family Planning Capacity Grants	-9,000	-9,000
Maternal & Children's Health	-5,606	-5,606
School Based Services	-4,953	-15,268
HIV Prevention and Client Services	-1,780	-1,780
Other Increases	224	57,507
ProviderOne	6,736	28,911
Partly Retain Tobacco Cessation	8,899	-43,594
Other	<u>-7,579</u>	<u>-9,536</u>
<b>Health Care Total</b>	<b>-682,490</b>	<b>-1,228,847</b>
<b>Long Term Care, DD, and Mental Health</b>		
Personal Care Hours	-97,458	-194,916
Nursing Home Rates	-29,535	-59,070
Delay Mandatory Training (I-1029)	-29,090	-48,463
Reduce DD Residential Services	-22,536	-45,046
Agency Provider Health Benefits	-21,852	-43,702
RSN Non-Medicaid	-17,390	-17,390
DD Employment & Day Rates	-8,412	-16,814
Reduce State Hospital Staff Costs	-8,200	-15,212
Increase License/Certification Fee	-6,830	17,339
Close Western State Hospital Ward	-6,644	-6,644
DD/Staff & Services	-4,722	-8,735
LTC/Phase-In of NH Discharge	-4,356	-8,712
DD/Other	-3,248	-4,944

**2011-13 Omnibus Operating Budget****Governor Proposed**

(Dollars in Thousands)

	NGF+OpPth	Total
LTC/Other	-3,074	-5,108
DD/State Funded Employment & Day	-2,966	-2,966
Close Selected RHCs	-2,186	-6,443
Other Mental Health	-2,099	-1,536
Spokane Acute Care	-1,500	-1,500
LTC/Expand Family Caregiver Diversion	-1,446	-9,792
DD/High School Transition	835	1,668
DD/Community Placements	<u>5,580</u>	<u>11,027</u>
<b>Long Term Care, DD, and Mental Health Total</b>	<b>-267,129</b>	<b>-466,959</b>
<b>Corrections and Other Criminal Justice</b>		
Other DOC Related Items	-47,192	-47,192
Close McNeil/Open Elkhorn	-12,703	-12,703
SCC Savings	-8,844	-8,844
JRA Institutional Costs	-6,838	-6,838
Eliminate Tolling for Offenders #	-6,006	-6,191
Juvenile Parole Services	-4,993	-4,993
WSP Savings	-4,858	-4,858
Reduce Offender Programming	-4,397	-4,397
CJTC Related Items	-3,418	-1,430
Reduce DOSA Bed Utilization	-3,400	-3,400
Close Maple Lane School	-3,272	-3,272
Reduce Electronic Home Monitoring	-3,012	-3,012
Early Deportation	-2,515	-3,139
Reduce Juvenile Court Funding	-2,328	-2,328
Other JRA Related Items	-1,060	-1,060
WSP Increases	3,093	3,766
Other Increases	3,438	3,688
SCC Trial/Hearings	<u>35,912</u>	<u>35,912</u>
<b>Corrections and Other Criminal Justice Total</b>	<b>-72,393</b>	<b>-70,291</b>
<b>Other Human Services</b>		
Disability Lifeline Cash Grant	-180,101	-180,101
State-Only Food Assistance Program	-60,566	-60,566
Child Support Pass Through	-18,776	-37,552
Childrens/Other	-15,753	-17,028
Chemical Dependency Services	-14,105	-14,105
Childrens/Behavioral Rehab Services	-10,778	-15,356
Refugee Employment Services	-10,006	-10,006
Economic Svcs/Other Savings	-9,499	-17,548
Childrens/Regional Staffing	-6,408	-9,807
Naturalization Services	-5,684	-5,684
Childrens/Intervention Services	-4,872	-7,662

**2011-13 Omnibus Operating Budget****Governor Proposed**

(Dollars in Thousands)

	NGF+OpPth	Total
Crime Victim Compensation	-4,115	-4,115
Childrens/Private Agency Fees	-3,936	-5,532
Childrens/Foster Parent Child Care	-3,461	-3,461
Childrens/Expedite Permanency	-3,000	-5,982
Family Policy Council	-2,800	-2,800
Voc Rehab: Basic Support Grant	-2,479	-11,639
Childrens/Voluntary Placement	-2,400	-4,000
Council For Children	-2,276	-2,276
DSHS/Central Administrative Costs	-2,072	-2,558
Increase License/Certification Fee	-1,454	0
Other DASA	-871	-1,315
Childrens/CRCS & SCRCs	-186	-4,068
Other Increases	0	38,233
Community Initiative	500	500
Restore DSHS Legal Services	3,278	4,450
Food Bank Funding	15,000	15,000
Other	<u>-2,643</u>	<u>-612</u>
<b>Other Human Services Total</b>	<b>-349,463</b>	<b>-365,590</b>
<b>Natural Resources</b>		
State Parks/Self-Sustaining	-67,064	-29,067
Dept of Ecology/Other	-10,904	-17,825
Fish & Wildlife/Other	-10,043	-4,400
Dept of Ecology/Fund Shift	-9,500	0
DNR/Other	-8,621	-11,393
Fees for Hydraulic Permits	-5,264	-1,495
Charge Fees for State Lands Access*	-1,623	10,477
DNR/Fund Shift	-750	0
Agriculture Related	-498	-3,498
Puget Sound Partnership	-373	-373
Fish & Wildlife/Fund Shift	-344	0
Other Increases	0	40,357
State Parks/Maint & Access	20,000	20,000
Other	<u>-2,110</u>	<u>-9,647</u>
<b>Natural Resources Total</b>	<b>-97,094</b>	<b>-6,864</b>
<b>Agency Reorganizations and Transfers</b>		
Health Care Related	-3,329	-1,192
Criminal Justice	-2,320	-2,320
Natural Resources Related	-1,250	276
Office of Civil Rights	-294	-294
Enterprise Services	0	2,300
Other	<u>500</u>	<u>4,720</u>



**2011-13 Omnibus Operating Budget****Governor Proposed**

(Dollars in Thousands)

	NGF+OpPth	Total
<b>Agency Reorganizations and Transfers Total</b>	<b>-6,693</b>	<b>3,490</b>
<b>All Other</b>		
Commerce Reductions	-12,665	-30,410
Department of Revenue	-12,454	-12,454
Other/Presid. Primary	-10,032	-10,032
Reduce Future Debt Service	-6,860	-6,860
Museum Closures	-5,075	-7,754
Eliminate Arts Commission	-2,844	-5,863
Shift Audit Costs	-1,445	-8,010
Other Increases	858	69,609
Judicial Agencies	1,304	12,470
Increase Revenue Compliance	3,188	3,188
Backfill/Opportunity Pathways Account	8,000	8,000
Data Center Increase	10,894	21,106
June 2011 Apportionment	253,000	253,000
Other	-14,911	-68,727
<b>All Other Total</b>	<b>210,958</b>	<b>217,263</b>
 Grand Total	 <b>-3,994,241</b>	 <b>-4,413,530</b>

# 2011-13 BALANCE SHEET — DETAIL

GENERAL FUND-STATE  
(DOLLARS IN MILLIONS)

## BUDGET-DRIVEN REVENUE AND LEGISLATION

2011-13 IMPACT OF SENATE BILL 6892 (TEMPORARY PENALTY AND INTEREST WAIVER)	\$(14.9)
ADJUSTMENT TO LIQUOR BOARD DISTRIBUTIONS BASED ON BUDGETED SPENDING	(1.8)
	<b>(16.7)</b>
LEGISLATION TO MOVE CERTAIN CIGARETTE TAX REVENUE TO GENERAL FUND*	146.0

## FUND TRANSFERS

EXTENSION OF LIQUOR PRICE MARK-UP (LIQUOR REVOLVING ACCOUNT)	85.0
SUSPEND GF-S TRANSFER TO EDUCATION CONSTRUCTION ACCOUNT	204.0
NO REVERSIONS SENT TO EDUCATION SAVINGS ACCOUNT	45.0
TRANSFERS TO GENERAL FUND FROM:	
AQUATIC LANDS ENHANCEMENT ACCOUNT	7.0
THURSTON COUNTY CAPITAL FACILITIES ACCOUNT	8.0
CHARITABLE, EDUCATIONAL, PENAL AND REFORMATORY INSTITUTIONS ACCOUNT	9.0
TREASURERS SERVICE ACCOUNT	20.0
FLOOD CONTROL ASSISTANCE ACCOUNT	2.0
WASTE REDUCTION/LITTER ACCOUNT	4.0
ECONOMIC DEVELOPMENT STRATEGIC RESERVE ACCOUNT	4.2
LIQUOR CONTROL BOARD CONSTRUCTION AND MAINTENANCE ACCOUNT	1.0
DEPARTMENT OF RETIREMENT SYSTEMS EXPENSE ACCOUNT	0.5
	<b>389.7</b>
USE OF BUDGET STABILIZATION (RAINY DAY) ACCOUNT	289.6
	<b>\$679.3</b>

\* Under proposed Fiscal Year 2011 legislation, cigarette tax revenue now going to the Education Legacy Trust Account would go to the General Fund-State. A like amount of Education Legacy Trust Account expenditures are moved to General Fund support, so there is no net change to ending reserves.

Source: Office of Financial Management

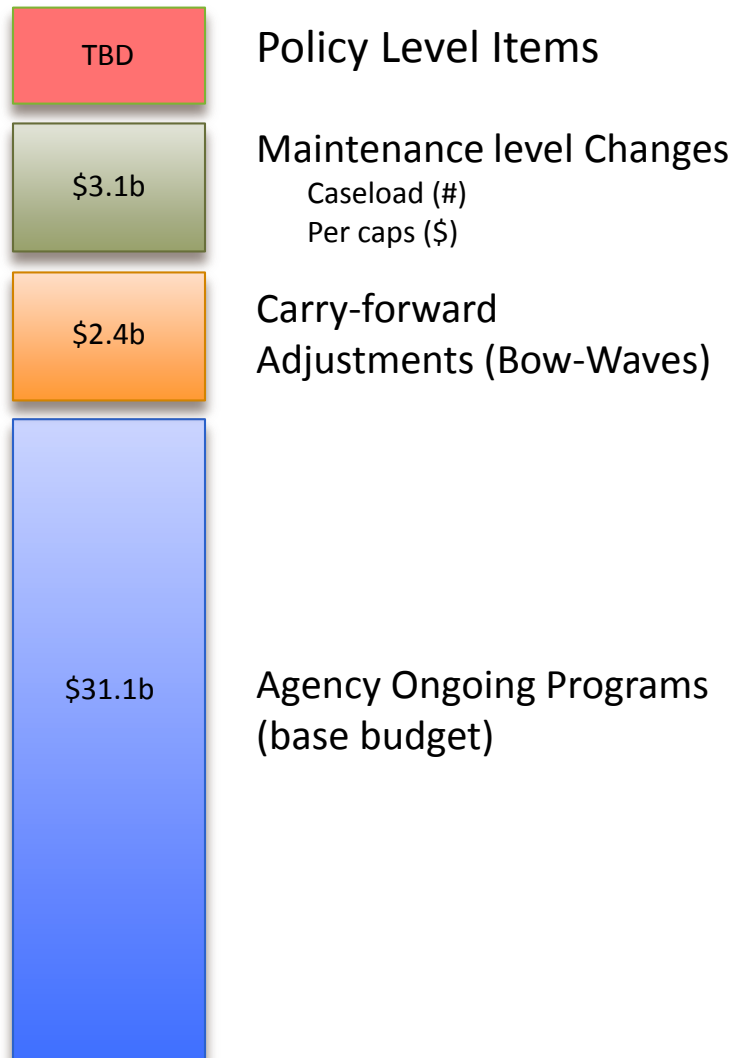


# Appendix B

## Sample Budget and Other Information

# Budget Overview

(Estimated 2011-13, NGF-S and Opp. Pathways)



## Reviewed By:

**Members** (By definition, changes to the base budget)

**Staff technical review**  
(non-technical items moved to policy)

## **Legislative Activities:**

Member Questions/Requests For Information  
(Note: any changes are then shown as policy changes)  
Staff Zero Base Costs of True Entitlements  
Informal Briefings  
Staff Research (review models, Q&A with agencies, etc.)  
Potential Reductions Lists  
Policy Comm. (bills amend current law, work sessions)  
Review Activity lists (prepared by agencies/OFM)  
Review All Programs/Services Provided by Agencies

## **Audit & Performance Review Activities:**

SAO Performance Audits  
SAO Financial/Compliance Audits  
JLARC Performance Audits  
GMAP Process

## **OFM & Agency Activities:**

Strategic Planning Process + IT Strategic Plans  
Budget Building Process (Agency and Gov.)  
Agency/Gov Request Legislation Process  
POG (Activity Based) Process  
Allotment Process, Including Performance Measures

# Fish and Wildlife 2010 Operating Budget Section

**Sec. 307.** 2010 c 3 s 304 (uncodified) is amended to read as follows: **FOR THE DEPARTMENT OF FISH AND WILDLIFE**

General Fund--State Appropriation (FY 2010)	<del>(((\$40,686,000))</del>	<u>\$41,263,000</u>	
General Fund--State Appropriation (FY 2011)	<del>(((\$38,891,000))</del>	<u>\$34,337,000</u>	
General Fund--Federal Appropriation	<del>(((\$86,330,000))</del>	<u>\$85,799,000</u>	
General Fund--Private/Local Appropriation	<del>(((\$47,490,000))</del>	<u>\$47,211,000</u>	
Off Road Vehicle Account--State Appropriation	<del>(((\$415,000))</del>	<u>\$413,000</u>	
Aquatic Lands Enhancement Account--State Appropriation	<del>(((\$6,757,000))</del>	<u>\$6,739,000</u>	
Recreational Fisheries Enhancement--State Appropriation	<del>(((\$3,640,000))</del>	<u>\$3,472,000</u>	
Warm Water Game Fish Account--State Appropriation	<del>(((\$2,877,000))</del>	<u>\$2,861,000</u>	
Eastern Washington Pheasant Enhancement Account--State Appropriation	<del>(((\$848,000))</del>	<u>\$851,000</u>	
Aquatic Invasive Species Enforcement Account-- State Appropriation		\$207,000	
Aquatic Invasive Species Prevention Account--State Appropriation	<del>(((\$844,000))</del>	<u>\$833,000</u>	
Wildlife Account--State Appropriation	<del>(((\$76,178,000))</del>	<u>\$86,878,000</u>	
<u>Wildlife Account--Federal Appropriation</u>		<u>\$101,000</u>	
<u>Wildlife Account--Private/Local Appropriation</u>		<u>\$39,000</u>	
Game Special Wildlife Account--State Appropriation	<del>(((\$2,381,000))</del>	<u>\$2,367,000</u>	
Game Special Wildlife Account--Federal Appropriation	<del>(((\$8,928,000))</del>	<u>\$3,426,000</u>	
Game Special Wildlife Account--Private/Local Appropriation		\$487,000	
Wildlife Rehabilitation Account--State Appropriation	<del>(((\$270,000))</del>	<u>\$269,000</u>	
Regional Fisheries Salmonid Recovery Account--Federal Appropriation		\$5,001,000	
Oil Spill Prevention Account--State Appropriation	<del>(((\$884,000))</del>	<u>\$876,000</u>	
Oyster Reserve Land Account--State Appropriation	<del>(((\$918,000))</del>	<u>\$916,000</u>	
TOTAL APPROPRIATION	<del>(((\$324,032,000))</del>	<u>\$324,346,000</u>	

# Fish and Wildlife 2010 Operating Budget (cont.)

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The appropriations in this section are subject to the following conditions and limitations:

(1) \$294,000 of the aquatic lands enhancement account--state appropriation is provided solely for the implementation of hatchery reform recommendations defined by the hatchery scientific review group.

(2) \$355,000 of the general fund--state appropriation for fiscal year 2010 and \$422,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for the department to implement a pilot project with the Confederated Tribes of the Colville Reservation to develop expanded recreational fishing opportunities on Lake Rufus Woods and its northern shoreline and to conduct joint enforcement of lake fisheries on Lake Rufus Woods and adjoining waters, pursuant to state and tribal intergovernmental agreements developed under the Columbia River water supply program. For the purposes of the pilot project:

(a) A fishing permit issued to a nontribal member by the Colville Tribes shall satisfy the license requirement of RCW 77.32.010 on the waters of Lake Rufus Woods and on the north shore of Lake Rufus Woods;

(b) The Colville Tribes have agreed to provide to holders of its nontribal member fishing permits a means to demonstrate that fish in their possession were lawfully taken in Lake Rufus Woods;

(c) A Colville tribal member identification card shall satisfy the license requirement of RCW 77.32.010 on all waters of Lake Rufus Woods;

(d) The department and the Colville Tribes shall jointly designate fishing areas on the north shore of Lake Rufus Woods for the purposes of enhancing access to the recreational fisheries on the lake; and

(e) The Colville Tribes have agreed to recognize a fishing license issued under RCW 77.32.470 or RCW 77.32.490 as satisfying the nontribal member fishing permit requirements of Colville tribal law on the reservation portion of the waters of Lake Rufus Woods and at designated fishing areas on the north shore of Lake Rufus Woods;

(3) Prior to submitting its 2011-2013 biennial operating and capital budget request related to state fish hatcheries to the office of financial management, the department shall contract with the hatchery scientific review group (HSRG) to review this request. This review shall: (a) Determine if the proposed requests are consistent with HSRG recommendations; (b) prioritize the components of the requests based on their contributions to protecting wild salmonid stocks and meeting the recommendations of the HSRG; and (c) evaluate whether the proposed requests are being made in the most cost effective manner. The department shall provide a copy of the HSRG review to the office of financial management with their agency budget proposal.

# Fish and Wildlife 2010 Operating Budget (cont.)

(4) Within existing funds, the department shall continue implementing its capital program action plan dated September 1, 2007, including the purchase of the necessary maintenance and support costs for the capital programs and engineering tools. The department shall report to the office of financial management and the appropriate committees of the legislature, its progress in implementing the plan, including improvements instituted in its capital program, by September 30, (~~(2011)~~) 2010.

(5) \$1,232,000 of the state wildlife account--state appropriation is provided solely to implement Substitute House Bill No. 1778 (fish and wildlife). If the bill is not enacted by June 30, 2009, the amount provided in this subsection shall lapse.

(6) \$400,000 of the general fund--state appropriation for fiscal year 2010 and \$400,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for a state match to support the Puget Sound nearshore partnership between the department and the U.S. army corps of engineers.

(7) (~~(\$100,000)~~) \$50,000 of the general fund--state appropriation for fiscal year 2010 and (~~(\$100,000)~~) \$50,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for removal of derelict gear in Washington waters.

(8) The department of fish and wildlife shall dispose of all (~~(fixed-wing)~~) Cessna aircraft it currently owns. The proceeds from the aircraft shall be deposited into the state wildlife account. Disposal of the aircraft must occur no later than June 30, 2010. The department shall coordinate with the department of natural resources on the installation of fire surveillance equipment into its Partenavia aircraft. The department shall make its Partenavia aircraft available to the department of natural resources on a cost-reimbursement basis for its use in coordinating fire suppression efforts. The two agencies shall develop an interagency agreement that defines how they will share access to the plane.

(9) \$50,000 of the general fund--state appropriation for fiscal year 2010 is provided solely for an electron project fish passage study consistent with the recommendations and protocols contained in the 2008 electron project downstream fish passage final report.

(10) \$60,000 of the general fund--state appropriation for fiscal year 2010 and \$60,000 of the general fund--state appropriation for fiscal year 2011 are provided solely for implementation of Engrossed Second Substitute Bill No. 5560 (agency climate leadership). If the bill is not enacted by June 30, 2009, the amounts provided in this subsection shall lapse.

(11) If sufficient new revenues are not identified to continue hatchery operations, within the constraints of legally binding tribal agreements, the department shall dispose of, by removal, sale, lease, reversion, or transfer of ownership, the following hatcheries: McKernan, Colville, Omak, Bellingham, Arlington, and Mossyrock. Disposal of the hatcheries must occur by June 30, 2011, and any proceeds received from disposal shall be deposited in the state wildlife account. Within available funds, the department shall provide quarterly reports on the progress of disposal to the office of financial management and the appropriate fiscal committees of the legislature. The first report shall be submitted no later than September 30, 2009.

**2009-11 Revised Omnibus Operating Budget (2010 Supp)****Department of Fish and Wildlife**

(Dollars in Thousands)

	<b>Enacted</b> <b>Near GF-S</b>	<b>Total</b>
2009-11 Original Appropriations	79,577	326,669
2009-11 Maintenance Level	80,413	331,519
2010 Policy Non-Comp Changes:		
1. Reduce Outreach and Education	-207	-207
2. Reduce Executive Management	-160	-160
3. Reduce Wildlife Disease Monitoring	-54	-54
4. Reduce Wildlife Area Mgmt Planning	-152	-152
5. Fund Hatcheries Using Partnerships	-288	-288
6. Reduce Fisheries Mgmt Authority	0	-5,792
7. Eliminate Reg Fisheries Enh Board	0	-20
8. Restore Aviation Funding	170	170
9. Maintain Core Admin Functions	0	2,000
10. Op Costs for New Wildlife Lands	132	132
11. Wildfire on WDFW Lands	185	185
12. Fund Support Pgms Proportionately	0	710
13. Incr Hunter Access on Private Land	0	711
14. Voight Creek Hatchery	50	50
15. Consolidation of GMHB and EHO	-13	-13
16. Fish Program Fund Shift	-3,658	0
17. Reduce Scientific Study/Tech Asst	-335	-335
<b>Policy -- Non-Comp Total</b>	<b>-4,330</b>	<b>-3,063</b>
2010 Policy Comp Changes:		
18. Health Insurance Increase	738	1,478
19. Temporary Layoffs	-1,221	-3,106
<b>Policy -- Comp Total</b>	<b>-483</b>	<b>-1,628</b>
<b>Total Policy Changes</b>	<b>-4,813</b>	<b>-4,691</b>



**2009-11 Revised Omnibus Operating Budget (2010 Supp)**  
**Department of Fish and Wildlife**  
(Dollars in Thousands)

	Enacted Near GF-S	Total
2009-11 Revised Appropriations	75,600	326,828

*Comments:*

1. Reduce Outreach and Education - Funding for outreach and education programs is reduced, which decreases funding for partnerships offering youth fishing opportunities, natural resource law enforcement education, and outreach at fairs and outdoor shows.

2. Reduce Executive Management - The Department will reduce one executive management position and consolidate administrative and policy functions.

3. Reduce Wildlife Disease Monitoring - Funding for the Puget Sound Ambient Monitoring Laboratory and testing for contaminants in salmon and other species is reduced by 9 percent in FY 2011.

4. Reduce Wildlife Area Mgmt Planning - The Department manages over nine million acres of wildlife habitat. Funding for wildlife area management planning is reduced 3 percent, delaying approximately 20 plans and updates and the input from citizen advisory groups needed for those plans.

5. Fund Hatcheries Using Partnerships - State law allows the Department to enter into partnerships with local groups to support fish hatcheries. Funding is reduced for the McKernan and Mayr Brothers fish hatcheries in anticipation of the Department forming partnerships to assist in supporting the operation and maintenance of these hatcheries.

**2009-11 Revised Budget (2010 Supp)**  
**Enacted Activity**  
**Dept of Fish and Wildlife**  
**Near General Fund - State**  
(Dollars in Thousands)

1. Agency Administration	16,989
2. Licensing	700
3. Manage Agency Facilities and Assets	937
4. Enforcement	13,952
5. Hydraulic Project Approvals	6,455
6. Ecosystem Restoration	2,624
7. Land Management	2,761
8. Fish Production for Sustainable Fisheries	11,081
9. Native Fish Recovery	7,958
10. Fisheries Management	7,268
11. Monitor and Control Aquatic Invasive Species	673
12. Habitat Conservation Technical Assistance	4,202
<b>2009-11 Total</b>	<b>75,600</b>

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*Activity Descriptions*

1. Agency Administration - Administration includes setting policy direction and providing agency leadership, providing regional management, conducting strategic planning, monitoring performance, allocating resources and tracking revenue, providing human resource and accounting services, ensuring cost effective contracting and procurement, developing and maintaining information technology systems, responding to the Legislature, and supporting the Fish and Wildlife Commission. These functions are essential to the agency and allow it to achieve its mission. (Approximately \$17 million of Administration costs will move into programs

**2009-11 Revised Budget (2010 Supp)**

**Enacted Activity**

**Dept of Fish and Wildlife**

**Near General Fund - State**

(Dollars in Thousands)

during the 2011-13 Biennium as a result of recent program structure changes and decentralization agency revolving costs.)

2. **Licensing** - The Washington Department of Fish and Wildlife (WDFW) offers a variety of licenses for hunting, recreational and commercial fishing, and other activities. These licenses generate approximately \$40 million in revenue each year. This activity includes operating and maintaining the web based platform for dealer point of sale and internet sales, the Washington Interactive Licensing Database, assistance to 600 license dealers, revenue oversight, and sales and regulation support to 1 million license holders, 600 commercially licensed businesses, and 61,000 disability applicants. The activity's functions are self-supported through a user paid transaction fee as well as the license fees that WDFW collects.
3. **Manage Agency Facilities and Assets** - This activity includes capital planning, design, construction, maintenance, project management, and maintenance of the department's physical assets. These functions are necessary to ensure the preservation of irreplaceable natural resources for future generations. Included in this activity is fish screen and fish way installation, inspection, and maintenance; hatchery upkeep and improvements; habitat restoration projects; dam and bridge safety inspections and maintenance; and facility managements. The activity supports staff and visitor safety and the preservation of public resources.
4. **Enforcement** - WDFW officers enforce the natural resource regulations that protect fish, shellfish, and wildlife population in order to provide sustainable commercial harvest opportunities. These officers ensure compliance with hunting and fishing regulations, respond to dangerous human/wildlife interactions, protect the public and resources on department and other public lands, check compliance with hydraulic project approval permits, issue citations for violations of federal, state, and local laws, and assist local law enforcement within their communities.
5. **Hydraulic Project Approvals** - The agency reviews approximately 4,500 proposed projects annually for work in or near the waters of the state (hydraulic projects) and sets conditions that adequately protect fish and their habitats. Thousands of construction and maintenance projects occur each year that could damage or



# How Large is \$5 Billion?

- It is 500 programs that cost \$10 million each.
- 15% of 2011-13 projected NGFS\* Revenues.
- 15% of the 2011-13 carry forward budget. If you exclude debt service and basic education, it is 24% of the carry forward budget.
- In FY 10, the state spent \$2.8 billion NGFS\* in total salaries and benefits (includes higher education, prisons, state hospitals, RHCs, etc.)
- The 2011-13 carry forward budget is:
  - ▶ \$13.7 billion for K-12
  - ▶ \$10.7 billion for DSHS (MAA=\$4.6b; LTC=\$1.6b, Econ Svcs = \$1.2 b; DD = \$1.1 b; MHD = \$0.9b; Childrens=\$0.6 b; Other=\$0.7 b)
  - ▶ \$3.3 billion for Higher Education
  - ▶ \$1.7 billion for DOC
  - ▶ \$1.9 billion for Debt Services
  - ▶ \$0.5 billion, combined for DOH and HCA
  - ▶ \$0.4 billion for Natural Resources
  - ▶ \$1.1 billion for all other

\*Plus Opportunity Pathways Account.

# 2009-11 Operating Budget (after 2010 Supp)

Near General Fund-State, Federal Stimulus, and Opp. Pathways

(\$ in thousands)

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Legislative	153,900
Judicial	228,493
Governmental Operations	464,535
DSHS Medical Assistance	4,458,315
DSHS Long-Term Care	1,620,532
DSHS Economic Services	1,145,701
DSHS Developmental Disabilities	996,062
DSHS Mental Health	911,282
DSHS Children & Family Services	638,274
DSHS Alcohol/Subst Abuse	174,380
DSHS Juvenile Rehabilitation	202,199
Department of Corrections	1,729,389
Other Human Services	670,090
Natural Resources	372,107
Transportation	77,996
Public Schools	13,779,640
Higher Education	3,269,074
Other Education	165,446
Debt Service	1,793,797
Other Appropriations	544,076
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<b>Statewide Total:</b>	<b>33,415,288</b>



# Glossary

**2009-11 Budget:** Legislation that authorizes spending for the biennium beginning July 1, 2009 and ending June 30, 2011. Enacted in 2009 and amended in 2010 by the 2010 Supplemental Budget and in 2011 by the 2011 Supplemental Budget.

**2011 Supplemental Budget:** A modification to the budget for the current biennium (2009-11). Adopted in the second year of the biennium. Sometimes also called the second supplemental.

**2011-2013 Budget:** Legislation that authorizes spending for the biennium beginning July 1, 2011 and ending June 30, 2013.

**General Fund:** The account that receives general revenues and is spent for operations such as education, social services, and corrections.

**Near General Fund (NGFS):** The state general fund (now includes the Health Services Account, Violence Reduction and Drug Enforcement Account, Public Safety and Education Account (including the Equal Justice Subaccount), Water Quality Account, and Student Achievement Fund), plus the Education Legacy Trust Account and the Pension Funding Stabilization Account.



# Glossary

**Carry Forward Level:** A projected expenditure level mechanically calculated by adding current appropriations to the bow wave impact of items assumed in existing appropriations (costs or savings). For example, accounting for the biennial cost of a new program that was funded beginning in the second year of the biennium is a common bow wave item. Another is backing out one-time items, such as ARRA.

**Maintenance Level:** A projection expenditure level representing the estimated cost of providing currently authorized services in the ensuing biennium. It is calculated by using the carry forward level and making adjustments for the forecasted changes in the entitlement caseload/enrollment and other mandatory expenses. This number establishes a theoretical base from which policy changes are made to create a new budget.

**Policy Level:** The authorized spending level for the next biennium is calculated by taking the maintenance level and making a series of discrete decisions that increase or decrease the budget of an agency. Examples include: creating a new program; eliminating a current program; increasing or decreasing vendor or employee payment rates; expanding or contracting program eligibility; expanding or contracting the value of services provided by a program; and increasing or decreasing the administrative costs of a program. Appropriations are the sum of these three levels.